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AGRICULTURAL OUTLOOK DIGEST

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Red meat production in the first quarter of 1962 is expected to run somewhat above a year earlier. Prices of meat animals are likely to remain steady or rise slightly from mid-December levels but will average below the first quarter of 1961.

On October 1, eight percent more cattle and calves were on feed than a year ago. Feeders plan to market a larger than usual share of their animals after the beginning of 1962. Thus, fed cattle prices are likely to average slightly lower in the first few months of 1962 than in the same period of 1961.

Hog marketings this winter should continue a little above last winter's levels with slaughter coming mainly from early fall farrowings. Prices should rise seasonally during early winter but will probably continue below the same period last year.

A strong price rise for sheep and lamb from early December levels is in prospect for the next few months. In 7 major feeding States, 6 percent less sheep and lambs were on feed this November than last. Furthermore, a smaller lamb crop is in prospect for 1962 than in 1961.

BROILERS--Cutbacks in hatchery and slaughter activities have recently occurred in the broiler industry. They probably indicate a reduction in output over the next two months to about year-earlier levels. Broiler prices have strengthened somewhat since mid-November, reflecting the cutbacks. In southern producing areas, growers received 14 to 15 cents per pound in early December--only a little below a year ago.

EGGS--Egg output since July has averaged above 1960 levels. In the first half of 1962, production is expected to continue large, and above a year earlier because of an expected gain from last year in eggs per layer followed by some expansion in the total number of layers in the second quarter of 1962. Prices will likely average below a year earlier. The mid-November U.S. average price to farmers was 36 cents a dozen--10 cents below last year.

DAIRY--Milk production in 1961 probably totaled about 2 billion pounds more than the 122.9 billion pounds of 1960, marking the largest year-to-year gain since 1953. Some factors contributing to the uptrend: (1) Milk-feed price relationships have continued favorable for several years and beef cattle prices have declined a little from their 1959 high, (2) Rise in manufacturing milk prices in late 1960 and through the first 3 quarters of 1961.

FEED--Feed grain prices dipped 5 percent from October to November as corn prices fell seasonally with the harvesting of the 1961 crop. However, farmers' prices in November averaged 11 percent higher than a year earlier with prices of each of the 4 feed grains above November 1960 levels.

Total 1961 feed grain production is estimated at 141 million tons, a drop of about 10 percent from 1960 output. With production this year expected to be below use, carryover in 1962-63 is likely to dip below the 84 million tons carried over into this marketing year.

SOYBEANS--The soybean supply for 1961-62 is estimated at 699 million bushels, up 120 million bushels from last year. Crushings are forecast at a record 425 million bushels--about 6 percent above last year's crush. Exports are expected around 170 million bushels, up nearly one-third from 1960-61. This would result in a carryover of 65 million bushels on Sept. 30, 1962--59 million above this year.

Factors pointing to increased soybean exports are: (1) Major importing areas such as Japan and Western Europe continue to need large imports of oilseeds, (2) Exportable supplies from Red China continue small and (3) Less Philippine copra and coconut oil will move in world trade.

TOBACCO--Cigarette consumption and output in 1961 set new records for the fifth year in a row. This year will also probably mark a long-time high in the consumption of cigars (including cigarillos)--the highest consumption since 1923. Further gains in cigars and cigarettes are in prospect for 1962.

WHEAT--Incomplete reports through December 1 indicate winter wheat growers agreed to divert 11.2 million acres under the 1962 Wheat Stablization Program. This represents 34 percent of the 32.4 million acres eligible on the signed farms. Total acreage planted to wheat in 1961 was 55.4 million acres. Sign-up in the spring wheat producing areas will begin February 5.

COTTON--The carryover of cotton on August 1, 1962, is expected to be about 7.4 million bales, about 0.2 million bales larger than last year. The anticipated increased is a result of expected smaller exports in 1961-62 than in 1960-61.

WOOL--World wool prices rose moderately in late November and early December from the relatively stable level of early fall. Auction demand for wool continues strong in Australia, New Zealand, and South Africa, where 1961-62 wool production is near record-high levels. Sales activity is expected to increase in Argentina and Uruguay as wool moves into the central markets.

POTATOES--Materially more potatoes will be available this winter than last. The fall potato crop, at 201 million hundredweight, was 15 percent larger than last year. Prospective production of winter potatoes in Florida and California at 4.2 million hundredweight is down 16 percent from last winter.